

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: May 8, 2008
POSITION: Oppose
SPONSOR: Los Angeles Department of Water and Power

BILL NUMBER: AB 2988
AUTHOR: M. Feuer

BILL SUMMARY: Environmental Quality: Power Exemption

This bill would exempt renewable energy power contracts from the California Environmental Quality Act (CEQA).

FISCAL SUMMARY

The bill creates a state-mandated local program because a local agency approving a contract for electric power from a renewable energy source would have to make a determination that the project is exempt from compliance with CEQA and provide a notice of exemption, thus increasing the level of services provided by the local agency. However, the bill notes that local agencies have the authority to charge fees to pay for the increased costs associated with this bill and therefore, the mandate would not be reimbursable by the state.

It is unclear that local agency approval of contracts to purchase electric power are currently subject to CEQA. By statutorily creating an exemption for specified types of power contracts, the practical effect is that non-exempted power contracts would be subject to CEQA. This would include contracts from natural gas sources, which is the predominant source of state energy purchases. If this bill unintentionally creates a requirement that non-renewable energy source contracts are subject to CEQA, it would create a state reimbursable mandate and increase the direct costs of various state power purchases with unknown but potentially significant costs.

COMMENTS

Finance opposes this bill for the following reasons:

- This bill is unnecessary. It is unclear that local agency approval of contracts to purchase electric power is currently subject to CEQA. The administrative remedy of requesting clarification in the CEQA guidelines should be pursued before requiring a statutory change.
- Exempting specified power contracts from CEQA implies that other contracts would be subject to CEQA, which could create a state reimbursable mandate and increase the direct costs of various state power purchases with unknown but potentially significant costs.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Code
0540/Secty Res	SO	No	-----	See Fiscal Summary				-----	0001

Analyst/Principal (0631) M. Almy	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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